

Article - Business Regulation

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§14–119.

(a) The Commissioner may pass an order denying effectiveness to, or suspending or revoking the effectiveness of, any registration if the Commissioner finds that the order is in the public interest and that:

(1) (i) the registration as of its effective date, or as of any earlier date in the case of an order denying effectiveness, is incomplete in any material respect or contains any statement made that was, in light of the circumstances under which it was made, false or misleading with respect to any material fact;

(ii) an amendment as of its effective date is incomplete in any material respect or contains any statement made that was, in light of the circumstances under which it was made, false or misleading with respect to any material fact; or

(iii) a report is incomplete in any material respect or contains any statement made that was, in light of the circumstances under which it was made, false or misleading with respect to any material fact;

(2) any provision of this subtitle or any order or condition lawfully imposed under this subtitle has been violated, in connection with the business opportunity by:

(i) the person filing the registration;

(ii) a seller, any partner, officer, or director of the seller, or any person occupying a similar status or performing similar functions as the seller; or

(iii) a person that directly or indirectly controls or is controlled by the seller if the person filing the registration is directly or indirectly controlled by or acting for the seller;

(3) except as provided in paragraph (4) of this subsection, the business opportunity registered or sought to be registered is the subject of an order denying, suspending, or revoking a registration or a permanent or temporary injunction of any court of competent jurisdiction;

(4) the seller's enterprise or method of business, or that of the business opportunity, includes or would include activities that are illegal where performed;

(5) the business opportunity or the offering of a business opportunity has worked or tended to work a fraud upon purchasers or would so operate;

(6) there has been a failure to file any documents or information required by § 14-113.1 of this subtitle; or

(7) the seller's literature or advertising is misleading, incorrect, incomplete, or deceptive.

(b) (1) The Commissioner may enter a denial order if the Commissioner finds that the order is in the public interest and the seller has failed to pay the proper registration fee.

(2) The Commissioner shall vacate any such order when the deficiency has been corrected.

(c) The Commissioner may not:

(1) institute a proceeding against an effective registration under subsection (a)(3) of this section more than 1 year after the date of the order or injunction relied on; or

(2) pass an order under subsection (a)(3) of this section on the basis of an order or injunction entered under any other state act unless that order or injunction was based on facts which would currently constitute grounds for an order under this section.

(d) By order, the Commissioner summarily may postpone or suspend the effectiveness of the registration pending final determination of any proceeding under this section.

(e) Upon the entry of the order, the Commissioner shall promptly notify the seller:

(1) that the order has been entered;

(2) the basis for the order; and

(3) that within 15 days after the day on which the Commissioner receives a written request by the seller, the matter will be set down for a hearing.

(f) If the seller fails to request a hearing and the Commissioner fails to order a hearing, the order shall remain in effect until the Commissioner modifies or vacates the order.

(g) If the seller requests a hearing or the Commissioner orders a hearing, the Commissioner, after providing notice of an opportunity for hearing to the seller, may modify or vacate the order or extend it until final determination.

(h) The Commissioner may not enter an order described under subsection (b) of this section without first providing to the seller notice in accordance with subsection (e) of this section, an opportunity for hearing, and written findings of fact and conclusions of law.

(i) If the Commissioner finds that the conditions which prompted its entry have changed or that it is otherwise in the public interest, the Commissioner may vacate or modify an order passed under this section.

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